

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, Pennsylvania 17101-1923

(717) 783-5048

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August 23, 2011

IRWINA. POPOWSKY  
Consumer Advocate

FAX (717) 783-7152  
consumer@paoca.org

Honorable Eranda Vero  
Honorable Angela T. Jones  
Office of Administrative Law Judge  
PA Public Utility Commission  
801 Market Street, Suite 4063  
Philadelphia, PA 19107

Re: Pa Public Utility Commission  
v.  
Twin Lakes Utilities, Inc.  
Docket Nos. R-2011-2246415  
C-2011-2248403, et al.

Dear Judge Vero and Judge Jones:

Enclosed for filing please find copies of the Prehearing Memorandum of the Office of Consumer Advocate in the above-referenced proceeding.

The original has been filed with the Secretary's Office and copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely yours,

A handwritten signature in cursive script that reads "Christine Maloni Hoover".

Christine Maloni Hoover  
Senior Assistant Consumer Advocate  
PA Attorney I.D. #50026

Enclosures

cc: Secretary's Office of the PUC  
Herbert R. Nurick, Mediator  
Certificate of Service

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	Docket No. R-2011-2246415
v.	:	
	:	
TWIN LAKES UTILITIES, INC.	:	

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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. §333 and in response to the Prehearing Conference Order issued by presiding Administrative Law Judges (ALJs) Angela T. Jones and Eranda Vero on August 15, 2011 in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

**I. HISTORY OF THE PROCEEDING**

On June 10, 2011, Twin Lakes Utilities, Inc. (Twin Lakes or Company) filed Tariff Water-Pa. P.U.C. No. 4 to become effective August 10, 2011, containing proposed changes in rates, rules, and regulations calculated to produce \$124,420 in additional annual revenues, or a 367.67% increase in additional annual revenues. The Company is proposing a metered rate. A typical customer using 2,500 gallons of water per month would see an increase from a flat rate of \$23.40 to \$109.96 based on metered usage, or approximately 370% per month. The Company serves approximately 120 residential customers in Shohola Township, Pike County, Pennsylvania.

On June 23, 2011, the OCA filed a formal Complaint against the proposed increase in rates. On June 28, 2011, the Office of Trial Staff (OTS) filed a Notice of Appearance. Formal

complaints were filed by 16 customers. On July 28, 2011, the Commission issued an Order initiating an investigation into the lawfulness, justness and reasonableness of the proposed rates in Tariff Water-Pa. P.U.C. No. 4, and suspending the effective date until March 10, 2012, by operation of law. The Company voluntarily extended the suspension date for sixty days or until May 9, 2012 in order to participate in the PUC's mediation process.

The Commission assigned the case to Administrative Law Judges Angela Jones and Eranda Vero and notified the parties that a Prehearing Conference is scheduled for August 24, 2011.

## **II. ISSUES**

After completing discovery and after receiving the Company's testimony in support of its filing, the OCA will file direct testimony that will set forth the specific issues to be addressed in this proceeding. At that time, the OCA will also be able to make and to quantify its specific recommendations. Generally, the OCA is reviewing issues related to rate of return, including capital structure, cost of debt, and cost of equity, accounting, including rate base and expense claims, rate design and quality of service.

## **III. WITNESSES**

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of the following witnesses in this proceeding. Each witness will present testimony in written form and will attach various exhibits, documents, and explanatory information, which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the expert witness responsible for that area of the case, as well as mailing a copy to counsel for the OCA.

General Accounting, Financial and Ratemaking Issues

Marilyn Kraus  
Senior Regulatory Analyst  
Office of Consumer Advocate  
555 Walnut Street, Forum Place 5th Floor  
Harrisburg PA 17101-1923

Telephone (717) 783-5048  
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[MKraus@paoca.org](mailto:MKraus@paoca.org)

The OCA specifically reserves the right to call additional witnesses and expand the scope of its witnesses' testimony, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the OCA will notify all parties of record.

**IV. SERVICE ON THE OCA**

Senior Assistant Consumer Advocate Christine Maloni Hoover will represent the OCA in this case. Two copies of all documents should be served on the OCA as follows:

Christine Maloni Hoover  
Senior Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048  
Facsimile: (717) 783-7152  
Email: [CHoover@paoca.org](mailto:CHoover@paoca.org)

**V. PUBLIC INPUT HEARINGS**

The OCA is aware of 17 informal protests filed at the PUC and contacts at the OCA regarding the proposed rate increase, in addition to the 16 formal complaints. Given the extremely large increase proposed by Twin Lakes and that this is the first case to be filed by the current owners, the OCA respectfully requests that the Commission schedule an afternoon and

evening public input hearing in or near the Company's service territory to allow customers the opportunity to testify on the record on matters pertinent to the Company's rate filing.

The OCA suggests Shohola Fire Station #2 or the Shohola Township Building. The OCA has contact information for each location and can provide that to the OALJ scheduler if the OCA's request is granted.

**VI. PROPOSED LITIGATION SCHEDULE**

Attached is a proposed litigation schedule. The OCA is working with the Company and OTS to reach an agreement on a schedule.

**VII. DISCOVERY**

To date, the OCA has served 2 sets of interrogatories on the Company and is reviewing the responses that have been provided. As soon as the OCA determines whether additional discovery, including informal discovery, is needed, the OCA will issue the discovery.

Respectfully submitted,



Christine Maloni Hoover  
Senior Assistant Consumer Advocate

For:  
Irwin A. Popowsky  
Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
(717) 783-5048

DATED: August 23, 2011

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	Docket No. R-2011-2246415
v.	:	
	:	
TWIN LAKES UTILITIES, INC.	:	

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PROPOSED PROCEDURAL SCHEDULE  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Prehearing Conference	August 24, 2011
Mediation ends	October 10, 2011
Due Date for the filing and in-hand service of the prepared Direct Testimony of the City	October 28, 2011
Due Date for the filing and in-hand service of the prepared Direct Testimony of other Parties	November 18, 2011
Due Date for the filing and in-hand service of City's Rebuttal Testimony	December 5, 2011
Due Date for the filing and in-hand service of other Parties' Surrebuttal Testimony	December 21, 2011
Evidentiary Hearings in Harrisburg	January 4-5, 2012
Close of Record	January 5, 2012
Due Date for the filing and in-hand service of Main Briefs	January 25, 2012
Due Date for the filing of Reply Briefs	February 3, 2012
End of Suspension Period	May 9, 2012

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission

v.

Twin Lakes Utilities, Inc.

Docket No. R-2011-2246415

I hereby certify that I have this day served a true copy of the foregoing, Prehearing Memorandum of the Office of Consumer Advocate upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 23rd day of August 2011.

SERVICE IN PERSON

Charles Daniel Shields, Esquire  
Bureau of Investigation and Enforcement  
Pa. Public Utility Commission  
400 North Street  
Harrisburg, PA 17101

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

John J. Gallagher, Esquire  
711 Forrest Road  
Harrisburg, PA 17112

Richard M. Risoldi, President  
Bruce O'Connor, Vice President  
Twin Lakes Utilities  
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Constance E. Dapkins  
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Shohola, PA 18458

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114 Brooke Lane  
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125 Jacob Weber Road  
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106 Sagamore Road  
Shohola, PA 18458



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